



SUMMER 2012

DCRB Report

The District of Columbia Retirement Board's mission is to prudently invest the assets of the Police Officers, Firefighters, and Teachers of the District of Columbia, while providing those employees with total retirement services.

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Elected Retired Firefighter
- Michael J. Warren
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Council Appointee*
- Jeffrey Barnette
Ex Officio, Non-Voting
- EXECUTIVE DIRECTOR**
Eric O. Stanchfield

Investment Update

Given the constant stream of worrisome news about the economy in the U.S. and around the world, the D.C. Retirement Board's (DCRB) investment staff would like to provide a brief update on the status of the D.C. Police Officers and Firefighters' Retirement Fund and the D.C. Teachers' Retirement Fund (collectively referred to as "the Fund"). As of June 30, 2012, the Fund was valued at \$5.0 billion, just below its peak value of \$5.1 billion at the end of May 2012. Over the course of the twelve months through June 30, 2012, investment performance was roughly flat, generating a return of -0.6%, net of all fees and expenses. Over the longer term, the Fund returned 5.4% per year over the last ten years.

The Fund has significant diversification to provide long-term risk mitigation in a variety of economic scenarios, including deflationary and inflationary environments. In the current low-growth environment, the Fund is benefiting from its 23% allocation to fixed income securities, which have generated a return of +7.1% over the last year, offsetting lower returns from U.S. equities (+3.0%) and developed markets (ex U.S.) equities (-14.9%). At the same time, the Fund has a significant allocation to inflation-sensitive assets, such as Treasury-Inflation Protected Securities (TIPS), real estate, infrastructure, and commodi-

ties, which should provide some protection in an inflationary environment.

Over the course of the last quarter, the investment staff completed a restructuring of the fixed income portfolio to further increase diversification and downside protection in case of a prolonged economic slowdown. In the coming months, the staff will continue to diversify the portfolio by adding exposure to U.S. oil and gas assets, as well as global real estate to take advantage of attractive investment opportunities in these markets.

If you are interested in reading the most current investment reports, they can be found on the DCRB website at www.dcrb.dc.gov. Simply click on Investments from the top menu and then, on the left-hand menu, click on Investment Reports.

Useful Numbers

D.C. Public Schools Human Resources Office	(202) 442-4090
Metropolitan Police Department Human Resources Office	(202) 727-4286
Department of Fire and Emergency Medical Services Human Resources Office	(202) 673-6443
Police and Fire Retirement and Relief Board Human Resources Office	(202) 442-9622



Please Take Our Survey!

DCRB has created a survey to assess its communications strategy, including semiannual newsletters, electronic communications, the DCRB website, and more. All active members, retired members, and survivors are welcome to take the survey, which will be available online until October 15, 2012. Please access the survey at: <https://www.surveymonkey.com/s/DCRBSurvey2012> or access the Communications survey through the front page of our website at www.dcrb.dc.gov. We value your input!



DC Retirement Board



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Pension Income in 2010 Resulted in Public Assistance Savings of \$7.9 Billion, 4.7 Million Fewer Households in Poverty or Near-Poverty

The Plans administered by the District of Columbia Retirement Board (DCRB) are known as defined benefit (“DB”) plans. DB plans are a major type of pension plan that specify the retirement benefit employees will receive when they retire from employment. DB plans pay a defined amount upon retirement based on length of service, age, and the employee’s earnings history. Because the benefit is defined, employees know what benefit payout to expect when they retire, thus enabling them to plan ahead.

A new national economic impact study finds that DB pension benefits have a significant economic impact. A new study calculates that rates of poverty among older households lacking DB pension income were approximately nine times greater than the rates among older households with DB pension income in 2010, up from six times greater in 2006.

Older households with lifetime pension income are far less likely to experience food, shelter, and health care hardship, and are less

reliant on public assistance. The data indicate that pensions are a factor in preventing middle class Americans from slipping into poverty during retirement. More specifically, the report estimates that in 2010, DB pension receipt among older American households was associated with:

- 4.7 million fewer poor and near-poor households
- 460,000 fewer households that experienced a food insecurity hardship
- 1.22 million fewer households receiving means-tested public assistance



These findings are contained in a new report, “The Pension Factor 2012: Assessing the Role of Defined Benefit Plans in Reducing Elder Economic Hardships,” an update of a similar study conducted in 2009. The report was authored by Dr. Frank Porell, Professor of Gerontology at the University of Massachusetts-Boston, and Diane Oakley, Executive Director at the National Institute on Retirement Security (NIRS). The full report is available at www.nirsonline.org.

Information courtesy of The National Institute on Retirement Security is a non-profit, non-partisan organization established to contribute to informed policymaking by fostering a deep understanding of the value of retirement security to employees, employers, and the economy as a whole.

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Help Us Keep In Contact

To ensure you are receiving all correspondence, please remember to update your mailing address and phone number when necessary. As DCRB looks to enhance electronic communications with our members, it is also important that you submit or update your personal email address. Retirees and survivors may complete and submit the Change of Address form found on the DCRB website or contact our Member Services Center at (202) 343-3272 or toll free at 1-866-456-3272. If you are an active member, please contact your HR department.

Got Money?

DCRB wants to ensure you are receiving your benefit payments! In order to determine whether you are, DCRB periodically sends requests to a sample of annuitants asking them to acknowledge receipt of the pension payment and to verify their mailing address and contact information.

This is an important verification process that not only confirms receipt of benefits, but also safeguards trust fund monies, prevents improper payments, and obtains updated communication information. If you are selected to verify this information, your timely response will be greatly appreciated.

Fall 2012 Trustee Elections

DCRB will be holding elections for three Trustee positions during the autumn of 2012. The three positions up for election include the Elected Active Teacher Trustee, the Elected Active Firefighter Trustee, and the Elected Retired Police Officer Trustee. Ballots will be mailed to the applicable member group participants this fall. Members may vote by mailing back the ballot to DCRB or by telephonic voting. The elected Trustees will begin their terms on January 28, 2013.